(b) whether Government purpose to set up any Fertilizer Industry Development Fund to help the corporate who might be adversely affected by retention pricing scheme;

(c) if so, the details thereof; and

(d) what steps Government propose to take to help the Urea industry in the country?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRITAPAN SIKDAR): (a) No, Sir.

(b) to (d) A proposal to create Fertilizer Industry Development Fund for the upgradation and modernization of the urea units as a part of the proposed new pricing policy for urea units is under consideration of the Government.

Over-realisation of prices under DPCO

1798. SHRI K.B. KRISHNA MURTHY: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the MNCs and domestic drug makers owe Government a staggering Rs. 330 crore on account of estimated over-realisation of prices under the Drug Prices Equalisation Account;

(b) whether the drug companies had manipulated huge margins from 1979 to 1987, by way of using low-priced-import inputs, which violates Government policy of obligatory use of indigenous raw materials; and

(c) whether the drug companies have managed to secure a stay from courts against Government demand; if so, whether Government would proceed to move the Apex Cfourt for vacation of the stay enmasse?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRITAPAN SIKDAR): (a) Government has, till date, computed liabilities amounting to Rs. 326.00 crore on account of overcharging and unintended benefits enjoyed by the drug companies under the provisions of the Di ugs (Prices Control) Order, 1979.

(b) In all cases where the procurement price of any bulk drug by its formulator, procured from any source, was lower than the price of that bulk drug allowed by the Government in his formulation prices, Government

has powers, under Para 7(2) of the Drugs (Prices Control) Order, 1979 to recover the excess amount into the Drugs Prices Equalisation Account.

(c) A number of drug companies have secured stay orders from various Courts against Government demand. It has been decided to move an application before the Supreme Court for transferring such DPEA cases pending before the different High Courts for disposal on merits by a single order of the Supreme Court.

Impact of dismantling of APM in energy sector on fertilizer Industry

1799. DR.T. SUBBARAMIREDDY: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether he has called upon the fertilizers industry to gear up to meet the challenges posed by dismantling of the administered pricing mechanism in the energy marketing sector;

(b) if so, whether Government have been examining the need the decontrol urea marketing;

(c) whether fertilizer industry has been urged to work out its strategy in a manner that it gets feedstock at import-parity prices; and

(d) if so, to what extent the industry has geared up to meet the challenges posed by dismantling of the adminstered pricing mechanism in the energy marketing sector?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI TAPANI SIKDAR): (a) to (d) After dismantling of the Aministered Price Mechanism (APM) w.e.f. 1.4.2002 for petroleum products viz. naphtha, fuel oil and low sulphur heavy stock (LSHS), the fertilizer companies are now required to deal directly with oil companies and negotiate the prices of the feedstock with them. The Department of Fertilizers has advised the Fertilizer Association of India (FAI) and urea companies to work out a strategy for obtaining the best possible price of the feedstock a^d fuel for urea companies from the oil companies. Such a strategy would include the possibility of collecting buying, direct import of naphtha, FO and LSHS for keeping the pressure on domestic oil companies.The Department of Fertilizers will continue to assist the fertilizer